THE RULE OF THE GOLD KINGS.

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THE leading nations of the commercial world, France excepted, refuse to use silver coin as money of ultimate payment. Some of them, notably England, do so in pursuance of law ; but the United States treats silver coin as credit money, depending for its value upon a promise of redemption in gold, in violation of law. The law makes no discrimination between the coins of gold and silver, but all administrations of the Treasury Department since 1873 have discriminated against silver coin and in favor of gold coin in the payment of national obligations.

No political party has openly defied public opinion by a declaration that silver ought to be treated as a commodity and gold coin alone used in the payment of national obligations. On the contrary, the Democratic party, previous to the election of Mr. Cleveland in 1884, uniformly declared in its national platforms that silver was honest money equally with gold. In 1880 the platform of the national Democratic party contained the following:

> "We pledge ourselves anew to honest money, consisting of gold and silver, and paper, convertible into coin on demand."

In 1884 the national platform of the Democratic party contained more explicit language, as follows:

> "We believe in honest money, the gold and silver coinage of the Constitution, and a circulating medium convertible into such money without loss."

After Mr. Cleveland's election, and before he took the oath of office (on February 24, 1885) he attempted to induce the Democratic party to suspend the purchase and coinage of silver under

the Bland act, and alleged, as a reason, that gold coin was the standard, and that a silver dollar was worth less than 85 cents. He disregarded the fact that he was elected on a platform which declared that silver coin was honest money, and that silver as well as gold was the money of the constitution. He said:

"Silver and silver certificates have displaced and are now displacing gold, and the sum of gold in the Federal Treasury now available for the payment of the gold obligations of the United States and for the redemption of the United States notes called 'greenbacks,' if not already encroached upon, is perilously near such encroachment." (Letter to Hon. A. J. Warner and others, Members of the Forty-eighth Congress.)

Contempt for the Democratic platform and the laws of Congress could not have been more strongly expressed. There were no "gold obligations of the United States." All such obligations were then and are now payable in coin of either gold or silver, at the option of the Government. He could not have been ignorant of the great debate in Congress, in 1878, immediately preceding the passage of the Bland act, or of the resolution which followed as a result of that debate. That resolution, after reciting the various acts of Congress relating to the subject, declared:

"That all the bonds of the United States issued or authorized to be issued under the said acts of Congress hereinbefore recited are payable, principal and interest, at the option of the Government of the United States, in silver dollars, of the coinage of the United States, containing 412½ grains each of standard silver; and that to restore to its coinage such silver coins as a legal tender in payment of said bonds, principal and interest, is not in violation of the public faith, nor in derogation of the rights of the public creditor." (*Cong. Record*, Forty-fifth Congress, second session, Volume 7, part 1, page 627.)

Mr. Cleveland was untiring in his efforts to stop the coinage of silver. In August, 1885, he instructed Mr. Walker, our Consul-General at Paris, to inform the Monetary Conference, then in session, that the United States was almost prepared to discontinue the coinage of silver. After the receipt of this information the Conference entered into an agreement to dissolve the Latin Union. In his messages to Congress in December, 1885, and 1886, he strenuously urged the repeal of the Bland act and the utter demonetization of silver.

During the Fiftieth Congress the Senate amended the Bond Purchasing Bill, as it was called, which came to it from the House,

by adding thereto a provision requiring the purchase of enough silver, in addition to the amount required to be purchased under the Bland act, to take the place of national bank notes retired. This bill was smothered in the Committee of the House through the influence of the Executive.

The Convention in 1888, which nominated Mr. Cleveland, was, through his influence, silent on the silver question. The Republican party was then out of power, and it became its turn to make promises, to regain control of the government. It declared that—

> "The Republican party is in favor of the use of both gold and silver as money, and condemns the policy of the Democratic administration in its efforts to demonetize silver."

After the election the country was very soon made to understand that the gold association of London and New York was doing business at the old stand, corner of Fifteenth Street and Pennsylvania Avenue, Washington, D. C. But the friends of honest money, the gold and silver coin of the constitution, renewed their efforts to restore silver to the place it occupied as the money of the people previous to the mysterious and disastrous legislation of 1873.

The Administration marshalled its forces to defeat the coinage of silver on the terms and conditions applicable to the coinage of gold. It was a drawn battle between the representatives of the people and the representatives of Lombard and Wall Streets, headed by the Republican Administration, which acquired power under the promise to use silver as money and not as a commodity.

A compromise was finally effected. An act was passed in July, 1890, requiring the purchase of four and a half million ounces of silver bullion per month at the market price, and the issuance of legal-tender treasury notes thereon. This act would have been a step towards free coinage if it could have been administered according to its manifest purpose and intent. But it fell into unfriendly hands. The act declares that it is the established policy of the United States to maintain the parity of the two metals (gold and silver, not the two coins) according to the present legal ratio.

Such parity would make 412½ grains of standard silver worth one dollar, and $25\frac{8}{10}$ grains of standard gold also worth a

dollar. Silver would be worth, if such parity were maintained, $1.2929 per ounce. The President set the key-note for the depression of the price of silver by assuming that silver is not honest money. He declared in numerous speeches in his campaign "around the circle" that he would exert all the power of his administration to make each dollar equal to every other dollar. He did not say, in so many words, that the United States had issued and put in circulation about $500,000,000 of silver coin, or its paper representatives, which was not good money, and that there was a law on the statute-book providing for the issuance of about $50,000,000 annually of the same kind of depreciated money, but he indorsed the argument of his gold associates that the silver dollar is a seventy-cent dollar.

I am aware that it has been erroneously stated that the treasury notes issued under the act of 1890 are secured by bullion at its market price, dollar for dollar. This is not true. Treasury notes have no security except the promise of the Government to redeem them in gold or silver coin, at the option of the United States. The bullion purchased by the issuance of these notes is held in the Treasury for coinage, and when coined the United States will make the difference between the market price at which the bullion was bought and its coinage value. The holder of treasury notes cannot demand bullion in exchange for or in redemption of the note he holds, By the express language of the law it is the right and duty of the Government to pay these notes in silver coin, dollar for dollar. They are, in fact, representatives of so many silver dollars, unless the government finds it convenient or profitable to pay them in gold.

Is it possible that the President of the United States means to say that the Government has put in circulation between $400,000,000 and $500,000,000 of fraudulent seventy-cent dollars, and is continuing to issue such dollars at the rate of $50,000,000 a year? If not, what does he mean, and what has the Administration done to remedy this evil and sustain the parity between the two metals?

The law provides a method of advancing the price of silver by increasing the demand for its use. The silver purchased by the issuance of treasury notes is required to be coined and used for the redemption of such notes. Has the President made any attempt to extend the use of silver by coining and using it or having it ready for use as required by law? On the contrary, has he not

sanctioned the action of the Secretary of the Treasury in denying to silver the use provided for it by the act of 1890? The act provides that the treasury notes issued for the purchase of silver bullion shall be redeemed in either gold or silver coin, at the option of the United States, not at the option of the holders of such notes. The act declares that the Secretary of the Treasury "shall (not "may") coin of the silver bullion purchased under the provisions of this act as much as may be necessary to provide for the redemption of the treasury notes herein provided for."

This the Secretary has refused to do, and he has also refused to require the redemption of such Treasury notes in silver coin under any circumstances. On the contrary, he declares that rather than pay out silver as required by law, he will sell bonds, buy gold, and increase the national debt for the purpose of redeeming treasury notes, and let the silver bullion purchased for that purpose lie idle in the vaults of the Treasury.

On the 17th of November, 1891, when the Secretary made his customary visit to New York to ascertain the wishes of the gold association or trust, he faithfully promised to violate the law. He said that—

> "The resumption act confers authority upon the Secretary of the Treasury to issue bonds to any extent he may feel called upon to do to increase or maintain the gold reserve. The act of July 14, 1890, commands him to preserve the parity between gold and silver. It has always been the custom of this country to pay its obligations in gold. (Applause.) Therefore, should there be any trouble about this, and the present hundred millions of gold or reserve fund, as we call it, be intrenched upon, it was in his power under the law to issue bonds for gold paying 5 per cent., and replace or increase the reserve fund."

The resumption act confers no such authority. It simply authorized the Secretary of the Treasury to sell bonds to obtain gold to redeem any legal-tender treasury notes which might be outstanding on the 1st day of January, 1879, but did not authorize the sale of bonds to buy gold for any other purpose. The act of 1890 provided for a different class of treasury notes, which were not outstanding on the 1st day of January, 1879, and also provided for the coinage of silver with which to redeem them. The promise which the Secretary of the Treasury made to his gold associates at Delmonico's on the 17th of November last was approved by the President in his message of December last, in the following words:

> "Under existing legislation it is in the power of the Treasury Depart-

ment to maintain that essential condition of national finance as well as of commercial prosperity—the parity in use of the coin dollars and their paper representatives. The assurance that these powers would be freely and unhesitatingly used has done much to produce and sustain the present favorable business conditions."

Was the refusal of the Secretary of the Treasury, with the approval of the President, to obey the law and provide for the redemption of treasury notes by the coinage of silver treating silver coin as money? Was it not a manifest violation of law? Was it not a violation of the party pledge to use both gold and silver as money?

France, in 1875, ceased to coin silver, but she did not attempt to disparage the silver which had already been coined. On the contrary she has always kept her reserves of gold and silver about equal and paid her public creditors in either gold or silver, whichever was most beneficial or convenient for the government. The contrast between the administration of France in obeying the law, and the action of the Treasury Department in disregarding the statutes of the United States by discriminating against silver, is most remarkable.

The United States contracted an enormous war debt, payable in greenbacks. In March, 1869, an act was passed declaring that the public debt was payable in gold or silver coin. The act of July 14, 1870, authorizing the refunding of the national debt under which all outstanding United States bonds were issued, provides for their redemption in coin of the standard value of that date, to wit, a dollar composed of $25\frac{8}{10}$-grains of standard gold or 412½ grains of standard silver.

From 1873 until the present time every obligation of the United States has been payable in silver. No Secretary of the Treasury has exercised the option to pay in silver, but in violation of law every Secretary has given the bondholder the option to require payment in gold, and finally the present Secretary, with the indorsement of the President, has made a solemn promise, without the authority of law, to issue bonds to redeem treasury notes which, by the act of 1890, are redeemable in silver. The repudiation of silver by the Administration, and the assumption that it is not good money for the payment of debts, are, in effect, a declaration that silver coin and its representatives in treasury notes and silver certificates are not good money. It is a declaration that one-half of the money of the

United States in actual circulation, exclusive of the reserves in the Treasury and in national banks, is not good money, but is a depreciated and fraudulent currency palmed off by the Government of the United States upon the people.

Whither does the assertion that the silver dollar and its paper representatives are only seventy-cent dollars lead? More than one-half, as before stated, of the money in actual circulation in the United States is of this character; and under the act of 1890 $50,000,000 more of the same kind of money is annually added to the circulation of the country. What is to be done with it? Shall it be repudiated and retired, and the actual circulation be contracted one-half, or shall it be made good by appropriate legislation?

The United States cannot afford further to depreciate and degrade silver and deny to it its money function. The legislation has gone too far. Silver bullion must be maintained at a parity with gold bullion at the ratio established by law. Free coinage will do this, and nothing short of free coinage will accomplish the purpose; for whenever the Government at the mint discriminates against either of the metals, the people will do the same. If silver is not to be restored to the place it occupied previous to 1873, why did the Democratic party, while it was out of power, declare that silver was honest money equally with gold? Why did the Republican party, when it sought to regain power, declare that it was in favor of the use of both gold and silver as money, and why did it condemn the administration of President Cleveland for its efforts in demonetizing silver?

The value of all articles desired by man, when the quantity is limited, is determined by the law of supply and demand. Until the unfortunate legislation of 1873 there was an unlimited demand at the mint for both gold and silver at the ratio established by law. That unlimited demand, so far as gold is concerned, still remains, but the demand for silver for coinage has been destroyed by law. The market value of both gold and silver always has been and always will be the mint price, because no man would sell either gold or silver for a less price than he can obtain at the mint. Free coinage maintained the parity of the two metals from the foundation of the Government until the right of coinage was denied to silver. Who can say that free coinage would not now have a like effect in restoring and maintaining such parity? Free

coinage would make the demand for silver equal to the demand for gold, and the mint price would determine the market price as it did from the foundation of the Government until the conspiracy was formed to reject silver.

What must be the inevitable result upon the civilized world of the single gold standard? Eighteen years ago there were about $7,500,000,000 of gold and silver coin in the world, which, in the language of the Royal Commission of England, was one money. To-day all the gold coin in the world does not exceed $3,700,000,000. If the basis of circulation and credit is confined to gold alone, the danger line is already passed. Never in the history of the world did there exist as large a volume of credit as we now have, resting upon so narrow a basis.

Since silver was demonetized there have been purchased, and are now held as government and bank reserves, not less than a thousand millions of gold coin, besides many thousands of millions that have been daily purchased to liquidate obligations contracted to be paid in silver or paper. The United States has purchased several thousand millions to pay interest and maturing obligations, and now holds for reserves (for little or none of it is in circulation) nearly $600,000,000 of gold. Germany has followed the example of the United States in the purchase of gold. Egypt and Italy have been compelled to do the same. These purchases were compelled by law, because the right to use silver was denied by legislation.

The gold contractionists are not satisfied. They are attempting to compel Austria (and she has begun the deadly work) to buy some $200,000,000 of gold to hold in her treasury as a basis for gold resumption. This will require about 5 per cent. of all the gold in the world. They further threaten that England will require India to replace her $900,000,000 of silver with gold, which would require 25 per cent. of the gold in the world. The gold advocates even contend that France must ultimately join the gold trust and dispose of her $650,000,000 of silver and replace the same with gold.

It must be borne in mind that the nation or the people who succeed in this fierce competition in accumulating gold must pay the highest price, which means that they must sell their labor and their products cheapest. The competition in purchasing gold to discharge obligations payable in silver has already reduced

the price of farm products in this country fully 50 per cent., and if the process which the gold men advocate is continued until the gold standard is reached throughout the world, prices must fall more than 50 per cent. below their present level. The obligations to pay money already existing will require sacrifices such as no generation of men have ever made.

The Secretary of the Treasury, in his celebrated speech of November 17, 1891, admitted that there was not gold enough for use as money. He said :

> "It is now agreed on all sides that gold alone furnishes too narrow a basis upon which to conduct the money affairs of the world."

A more patent truth was never uttered. In the face of this admitted fact he proposed to treat the $500,000,000 of silver coin, silver certificates and treasury notes as merely credit money depending upon the narrow basis—gold—and pledged himself to the gold syndicate that he would not sell bonds and buy gold to redeem treasury notes as provided by the act of 1890, for the purpose of avoiding the use of silver as money.

What more daring and audacious proposition could be suggested for the purpose of enhancing the price of gold and depressing the price of property than to sell bonds and buy gold to redeem all the treasury notes which may be issued under the act of 1890 ? The execution of such a project, if successful, would destroy the reserves of gold of every country in Europe, enormously advance the price of gold, and increase the disparity between gold and silver bullion. Is not this a strange way of executing a statute, the declared intention of which is to maintain the parity between the two metals ?

The advocates of gold express great anxiety to make each dollar as good as every other dollar. This may be done, it is true, by a promise to redeem one dollar in another dollar. The Government may promise to redeem its paper money and its silver money in gold coin. While such a promise can be maintained, the paper money and the silver money are as good as the gold money, but the silver money in such a case is merely credit money, depending upon the promise to redeem in gold for its value, and is no better than paper money.

The only possible way to make a silver dollar as good as a gold dollar, in the full sense of the expression, is to restore silver

to the place it occupied previous to 1873. Give it the money function; treat it as the money of the constitution; open the mints to its free coinage; make an unlimited demand for it at a fixed price, and the price so fixed at the mint will be the market price of the bullion; for no one will sell 412½ grains of silver for less than a dollar if he can have it exchanged at the mint for a dollar. This method has been tried and never failed. It is the mode prescribed by the constitution, indorsed by the Democratic party in 1880 and 1884, and by the Republican party in 1888, but now repudiated by a Republican administration.

The fact that the Executive Department has prevented the use of silver as money for eighteen years, by obstructing the passage of a free-coinage law and by refusing to recognize silver coin as money for the purpose of paying national obligations, is a warning which the people cannot afford to disregard. Is it probable that the gold trust will select different candidates in the future from those whom it has selected in the past? Is it probable, so long as the gold trust is allowed to designate candidates for the Presidency, that the people will obtain relief from the calamity of contraction, falling prices, stagnation in business, and hard times?

Free coinage of silver is no experiment. It was practised from the foundation of the Government until 1873. At that time there was not too much coin of gold and silver for use as money. There has not been too much of both gold and silver produced since that time to supply the growing demands of business. The entire production of both metals has not been enough to keep pace with the growth of population. There has not been half enough gold produced for that purpose. There is no probability of an increased supply of gold. On the contrary, the demand for gold for ornaments and use in the arts is increasing. The amount of gold coin must decrease rather than increase. All the gold in the world is either owned or controlled by a very few men. The question for the people to decide is, Shall the rule of the gold kings be perpetual?

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